

## Message Text

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PAGE 01 BONN 05829 192113 Z

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ACTION EUR-25

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-09 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12

AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 AF-10 ARA-11 NEA-10

RSR-01 /186 W

----- 116888

R 191734 Z APR 73

FM AMEMBASSY BONN

TO SECSTATE WASHDC 4635

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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E. O. 11652: N/ A

TAGS: EAID, GW

SUBJECT: INCREASING PROMINENCE OF THE EPPLER MINISTRY;

AID AND DEBT RESCHEDULING

SUMMARY: ONE OUTCOME OF THE POST- ELECTION CABINET  
RESHUFFLE IN NOVEMBER 1972 WAS THE SHIFT OF THE PRIMARY  
RESPONSIBILITY FOR THE CAPITAL AID SEGMENT OF DEVELOPMENT  
ASSISTANCE FROM THE ECONOMICS MINISTRY TO THE ECONOMIC  
COOPERATION ( AID) MINISTRY. THE RESULTING CHANGES  
FORESHADOW AND INCREASINGLY ACTIVE FRG DEVELOPMENT EFFORT  
WITH A CORRESPONDING INCREASE IN THE POLITICAL CLOUT OF  
AID MINISTER EPPLER. END SUMMARY.

1. THE ACQUISITION OF PRIMARY RESPONSIBILITY FOR CAPITAL  
AID FROM THE ECON MINISTRY IN NOVEMBER OF 1972 HAS  
PROMPTED THE AID MINISTRY TO REORGANIZE INTERNALLY,  
EFFECTIVE APRIL 1, 1973. PRINCIPAL RESULT OF THE  
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PAGE 02 BONN 05829 192113 Z

REORGANIZATION HAS BEEN AN INCREASE IN THE NUMBER AND IMPORTANCE OF THE REGIONAL/ COUNTRY DESKS, WHOSE STAFFS ARE BEING SUPPLEMENTED BY A LARGE NUMBER OF FORMER ECON MINISTRY PERSONNEL. THESE DESKS WILL NOW HAVE THE MAJOR ROLE IN DIRECTION OF THE FRG BILATERAL TECHNICAL ASSISTANCE AND CAPITAL AID PROGRAMS.

2. THE INTERMINISTERIAL COORDINATION MECHANISM HAS ALSO BEEN REORGANIZED, IN A WAY THAT GIVES THE AID MINISTRY A BIGGER VOICE. THE INTERMINISTERIAL COMMITTEES FOR COORDINATION OF TECHNICAL ASSISTANCE, CAPITAL AID AND DEVELOPMENTAL POLICY HAVE BEEN ELIMINATED. AID MINISTRY COUNTRY DESKS WILL NOW COORDINATE DEVELOPMENT PLANS WITH THEIR OPPOSITE NUMBERS IN THE FOREIGN OFFICE. THE ECON MINISTRY WILL PARTICIPATE IN THE PROCESS ONLY WHEN PROJECTS LARGER THAN DM 15 MILLION ARE BEING CONSIDERED.

3. THE AID MINISTRY HAS ALSO ASSUMED THE PRIME RESPONSIBILITY WITHIN THE GOVERNMENT FOR SOME INSTANCES OF DEBT RESCHEDULING. THE ECON MINISTRY WILL RETAIN THE LEAD IN DEBT RESCHEDULING WHERE PRIMARILY PRIVATE CREDITS ARE INVOLVED ( E. G. CHILE AND GHANA). THE AID MINISTRY WILL TAKE THE LEAD WHERE PUBLIC CREDITS PREDOMINATE ( INDIA, PAKISTAN, BANGLADESH AND AFGHANISTAN).

4. AID MINISTRY OFFICIALS ARE CONFIDENT IN THE EXPECTATION THAT THE GATHERING OF THE REINS OF DEVELOPMENT ASSISTANCE PROGRAMS IN THE HANDS OF THE AID MINISTRY MARKS THE BEGINNING OF AN INCREASED FRG OFFICIAL DEVELOPMENTAL EFFORT. ONE SOURCE GAVE US A " REALISTIC" PREDICTION OF AN INCREASE IN OFFICIAL FRG DEVELOPMENT AID FROM 0.31 PERCENT OF GNP IN 1972 TO 0.4 PERCENT IN 1977. THE FRG RESPONSE TO FUND RAISING VISIT OF IBRD PRESIDENT MCNAMARA IN FEBRUARY ( BONN 2913) WAS ALSO DESCRIBED BY AN AID MINISTRY SOURCE AS A SIGN OF THE MORE ACTIVE PARTICIPATION OF THE FRG TO BE EXPECTED IN MULTILATERAL AID CONTEXTS.

5. THIS WELL- PUBLICIZED VISIT ALSO POINTED OUT THE BENEFITS GAINED BY MINISTER EPPLER FROM THE INCREASED PROMINENCE OF THE AID MINISTRY. DEVELOPMENT AID IS STILL POPULAR IN THE FRG. THE PUBLICITY GAINED FROM A LIMITED OFFICIAL USE

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PAGE 03 BONN 05829 192113 Z

RENEWED DEVELOPMENT EFFORT CENTERED IN THE AID MINISTRY COULD PROVE A USEFUL ADJUNCT TO EPPLER IN HIS EFFORTS TO BUILD FURTHER ON HIS POSITION, WITHIN THE SPD.

HILLENBRAND

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

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**Disposition Approved on Date:**  
**Disposition Authority:** boyleja  
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**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**TAGS:** EAID, GW  
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